OIL IN THE CROSSHAIRS
Key Messages

➔ The frequency of attacks on oil assets has recently increased

➔ Status of market "cushions" largely determines oil price reactions

➔ Government and industry must partner to strengthen defenses
Oil in the Crosshairs: The First Half Century

- **February 1942**: German subs sink 24 Allied oil tankers, attacks on Aruba & Curacao refineries
- **August 1943**: Allied aircraft attack Axis refineries in Romania
- **July 1950**: American and British aircraft bomb oil refinery and storage tanks in Wonsan, N Korea
- **June 1966**: US bombs oil storage facilities in Hanoi and Haiphong
- **September 1980**: Iraqi oil assets bombed as Iran-Iraq War begins
- **July 1987**: Iran attacks Kuwaiti oil tankers; US escorts refagged tankers
- **January 1991**: Saddam burns Kuwaiti oil wells during First Gulf War
More Recently: A Pattern of Proliferation

- June 2018: Libya’s Ras Lanouf and Es Sidr oil ports attacked
- September 2018: Gunmen attack Libya’s NOC
- May 2019: Four oil tankers attacked near Fujairah
- June 2019: Two oil tankers attacked in Gulf of Oma
- September 2019: Drone/missile attacks on Aramco’s Abqaiq facility & Khurais field
- January – September 2020: Libyan civil war keeps oil production offline
- March 2021: Aramco’s Ras Tanura terminal attacked
- April 2021: Aramco facilities in Jizan attacked
- May 2021: Ransomware attack on Colonial Pipeline, Israeli oil and gas facilities attacked
The Oil Market’s “Shock Absorbers” for Smoothing Supply Disruptions

INVENTORIES

➔ IEA mandates inventories
➔ Has coordinated past releases
➔ US crude & product SPRs
➔ US commercial stocks
➔ Floating storage sometimes augments onshore inventories

SPARE CAPACITY

➔ Held by few OPEC producers
➔ Curtailments by policy
➔ Offset by unintended disruptions
➔ How to characterize sanctioned oil?
OPEC Spare Production Capacity

(million barrels per day)

Source: Energy Information Administration
Factors to Amplify Price Effects from Future Disruptions

**DECARBONIZATION**

Energy companies will aggressively implement ESG strategies that increase the cost of adding new capacity, and in some cases reduce oil supplies – but oil demand will not moderate in kind. Future disruptions will thus occur amid tighter supply-demand balances.

**RISK PROLIFERATION**

Energy remains one of the highest-profile economic sectors vulnerable to attack. The modes of attack available to malign actors – from longer-range and accurately delivered weaponry to “digital disruptions” in the cyber sphere – are likely to increase, bringing even more potential targets into the crosshairs.
Thank you